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Including FOREIGN CROPS AND MARKETS

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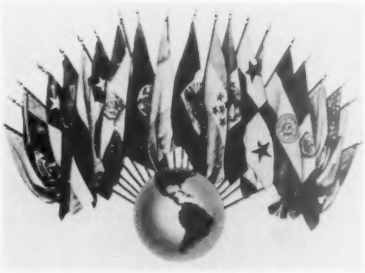

Appearing on the cover of this Latin American issue are flags of the Americas —flags that will be flying on the streets of Punta del Este this week to mark the summit conference of the Organization of American States.

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Alliance for Progress Meets This Week to Chart Future

Now that the Alliance has passed midway point, a summit conference will examine its targets and perhaps redirect them for the years ahead.

Nearly 6 years ago, in the Charter of Punta del Este, the Governments of the American States undertook to carry out a great task: To unite the efforts of all their people in order to accelerate the economic and social development of Latin America.

This cooperative effort, carried forward in the main through the Alliance for Progress, has led to an improvement in the standard of living but has failed to achieve the overall economic growth planned.

On April 12-14, the Presidents of the Nations making up the Organization of American States—among them President Johnson—will convene in the Uruguayan resort of Punta del Este to re-examine and strength the Alliance targets. Their discussions will be based on the recommendations of the OAS Foreign Ministers who met in Buenos Aires several weeks ago to evaluate Alliance objectives.

One result of the ministerial meeting was the reassignment of priorities. It was their clear-cut consensus that economic integration should become the major new direction of the Alliance. When the Charter of the Alliance was signed in 1961, economic integration was 11th on the list of 12 Alliance goals. (See article on page 17.)

In addition to economic integration, the Foreign Ministers pinpointed these areas for Presidential consideration:

- Multinational cooperation in the preparation and execution of infrastructure projects.
- Improvements in the conditions of Latin America's international trade.
- Modernization of rural life and agricultural development, with special emphasis on food production.
- Scientific, educational, and technological development.

Since the start of the Alliance, the United States has been investing $1 billion a year in the future of Latin American democracy. In mid-March President Johnson sent a special message to the Congress requesting $1.5 billion in additional Alliance aid over the next 5 years.

The President's message provided a breakdown for the total commitment: $900 million for agriculture, education and health; one-quarter to one-half billion to assist a Latin American common market over a 3- to 5-year period beginning in 1970; and $150 million to the Inter-American Development Bank for preinvestment studies and to help finance the cost of multinational infrastructure projects.

The exact size of the commitment, the President said, will depend on the steps which the Latin American nations themselves must take. It will still be only a fraction, he added, of the resources these nations are investing.

Alliance for Progress Projects: Above, books are distributed in Bolivian town; right top, vegetable gardening in rural normal school, Venezuela; and below, constructing El Alto Airport in Bolivia.

Latin America in 1966: Economic Growth Loses Momentum

Despite a slowdown in economic and agricultural growth, Latin America last year had its pockets of progress, including Mexico and Central America.

By CHARLES R. DAVENPORT
Foreign Regional Analysis Division
Economic Research Service

Nineteen hundred and sixty-six brought a reversal in the accelerating economic growth that characterized Latin America in the previous 2 years.

After exceeding the Alliance for Progress goal for economic growth of 2.5 percent per capita in 1964 and 1965, the rate of increase in gross national product slowed down for a negligible gain in 1966. The reversal took place despite an increase in total and agricultural trade, and was brought about by a combination of small gains in nonagricultural sectors and a decline in farm output. Lingering problems are expected in 1967, but some recovery is anticipated along with continued trade growth.

Economic growth declined from a high rate of almost 6 percent in 1965 to an estimated 3.4 percent in 1966. With population growth at 2.9 percent, per capita gross national product dropped from about 3 percent to under 1 percent. Inflation, capital shortages, and uncertainties continued as major problems in 1966. Monetary and budgetary restrictions and currency devaluations in certain instances contributed to some stabilization and reduction in inflation. However, production lagged and the annual increase in the cost-of-living index for many countries continued high.

Agricultural output in 1966 was off 3 percent and food production nearly 1 percent from the record level of a year earlier, mainly because of less favorable weather and export prospects. A 6-percent decline in crop output more than offset a 4-percent increase in livestock products.

While the 44-percent drop in Brazilian coffee production accounted for most of the decline in total agricultural and crop output, basic food crops were also down: yuca fell 17 percent; beans, 17 percent; and potatoes and sweetpotatoes, 10 percent. Production of the three main foodgrains—wheat, rice, and corn—was up slightly as a 3-percent increase in corn more than offset declines in the other two grains.

For export crops, coffee was down 27 percent; sugar, 13 percent; cocoa beans, 7 percent; tobacco, 6 percent; and cotton, 4 percent. In contrast, banana production was up about 9 percent, and wool, 3 percent. The output of other livestock products showed significant gains: Pork was up 6 percent; beef and veal, over 3 percent; and milk, more than 1 percent.

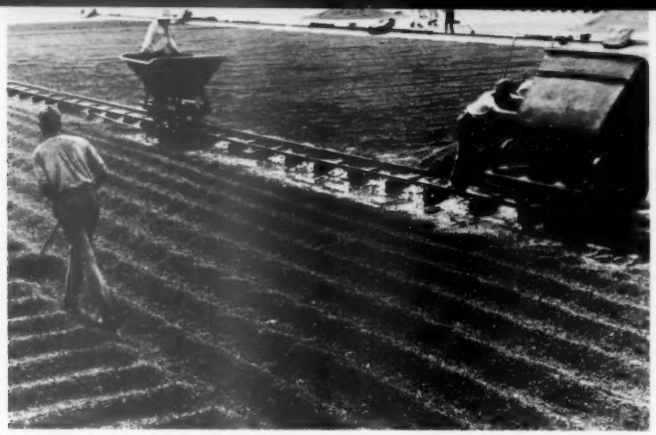
Both total and agricultural trade were estimated to be up in 1966. Latin American agricultural exports, excluding Cuba, were approximately 6 percent above the 1965 level of $5.4 billion. Agricultural imports were estimated to have increased over 2 percent to more than $1.2 billion. Agricultural exports were stimulated by the large harvest of commercial crops a year earlier, and imports by growing demand and reduced food production in 1966.

NORTH AMERICA

Mexico: The gross national product increased about 6.5 percent—a larger gain than in 1965—for a per capita output of $468. Strong gains in automobiles, construction materials, and iron and steel more than offset slowdowns in agriculture and other sectors. The outlook for 1967 appears equally favorable.

Agricultural output was reduced by extended drought, which restricted irrigation water and hit nonirrigated crops and pasture early in 1966. Total output was only slightly higher than the record for 1965. Livestock output was up about 5 percent to more than offset a decline of about 1 percent in crop production. However, food production increased 5 percent with most

Sheep—an important source of income to Latin Americans—grazing in Uruguay.



Clockwise from above: Drying Brazilian coffee; shading coffee seedlings; and moving Ecuadoran bananas to market. Last year, coffee and bananas were Latin America's top exports.

of the decline in Mexican exports of commercial crops.

CARIBBEAN

The Caribbean region continued to represent the soft spot in Latin America in 1966. The gross national product declined nearly 2 percent to $297 per capita. Agricultural output was off 8 percent, with declines in food, crop, and livestock production.

Cuba: The gross national product was estimated at $365 per capita, nearly 7 percent below a year earlier. With a reported shift in emphasis to agricultural development and more normal weather conditions, some gain is in prospect for 1967.

Agricultural production in 1966 was reduced by early drought and rains by flooding from the tropical storm "Inez" later in the year. Agricultural output declined 15 percent, and food, 17 percent. Crop output was down 20 percent, and livestock output fell for the second straight year.

Dominican Republic: In contrast to a decline in 1965, the gross national product increased about 3 percent. Per capita income, however, declined slightly, to $264. Output gains reflected increases in agriculture, construction, and services. Improved confidence, increasingly evidenced after mid-year elections, indicates continued progress in 1967.

Total agricultural and food output in 1966 rose nearly 4 percent despite hurricane damage in September. Crop output increased 4 percent, but the gain in livestock products was less than 2 percent.

Haiti: Little economic progress occurred in 1966: the gross national product rose about 1 percent, but per capita output declined to $71. The limited 1965 recovery continued into 1966, with some gains in manufacturing and services barely offsetting a decline in farm output. Increased agricultural output in 1967 could bring some improvement.

Agricultural output in 1966 declined 2 percent, but food production rose more than 3 percent. Crop production was off about 1 percent from a year earlier as a result of hurricane damage in September; livestock output remained unchanged.

Jamaica: Some recovery was evidenced in 1966, with the gross national product increasing around 5 percent to $469 per capita. Principal gains were in the import bauxite and aluminum industries. Continued economic growth is expected in 1967.

Agricultural output was hurt by drought early in 1966 and heavy rainfall later in the year. Total output increased about 1 percent over a year earlier with a slight gain in food production. Production of crops was little changed, but Jamaica output of livestock products increased slightly for the third straight year.

Trinidad and Tobago: Expansion in petroleum and tourism boosted the gross national product about 4 percent in 1966 for a per capita increase to $650. Similar growth is expected in 1967.

Early drought and unusually wet weather later in the growing season contributed to a decline of 3.5 percent in total agricultural and food output. A decline of about 6 percent in crop output canceled out the 12-percent gain in livestock products.

Other Caribbean Islands: Economic growth was set back by wet weather in the lower region; continued drought

in the northern area, especially Antigua; and heavy damage by Hurricane "Inez" in late September, particularly in Guadeloupe. Tourism and related industries continued a steady growth but failed to offset unemployment and declines in agriculture and traditional industries. Prospects for the islands in 1967 are uncertain.

CENTRAL AMERICA

Central America continued as the bright spot for Latin America in 1966. The gross national product increased over 6 percent for the region, with gains in all countries at the 6-percent rate or better.

Costa Rica: Strong gains in both the farm and nonfarm sectors brought a 6.4-percent increase in the gross national product for a per capita output of $404. Some weakening is expected in 1967 due to tight credit and uncertainty.

Wheat fields in Uruguay. Photographs in this article courtesy of the Pan American Union, Government of Uruguay, and Lyn Manduley.

Agricultural output was up an estimated 14 percent in 1966, with food production gains of 16 percent. Crop production climbed 15 percent to a record level, while livestock production rose 11 percent.

El Salvador: The gross national product increased by over 6 percent in 1966 to $281 per capita. Gains reflected greater industrial and agricultural output. Another good year is expected in 1967.

Agricultural conditions were favorable in 1966, bringing recovery from the drought of a year earlier. Agricultural output increased over 6 percent, and food, nearly 9 percent. Crop production was up about 7 percent, livestock products, 4 percent.

Guatemala: The gross national product grew over 6 percent in 1966 to $314 per capita, despite some slowdown late in the year. Increased output reflected strong gains in the nonagricultural sectors which more than overcame a decline in farm output. However, the slowdown may reduce economic growth in 1967.

Growing conditions were generally favorable, but export uncertainties reduced the harvested area of major commercial crops. Total agricultural output declined slightly, but food production was up by 12 percent. Small declines were evidenced for both crops and livestock products.

Honduras: A strong rate of economic growth continued in 1966 with gross national product increasing 6 percent to $229 per capita. Gains were the result of continued expansion in agriculture and industry. A strong rate of growth is expected in 1967.

Gains in farm output reflected a recovery from the 1965 drought. Total agricultural output increased 12 percent, and food production, 15 percent. Crop production was up 13 percent, but livestock output rose less than 1 percent.

Nicaragua: The gross national product was up 6 percent for a per capita output of $355. Gains reflected greater farm and nonfarm production. The outlook for 1967 is for some decline as a result of the country's continuing export problems.

Agricultural output in 1966 gained 11 percent, with food production up 5 percent. Crop production increased by 18 percent, but livestock output was up only 3 percent, reflecting dry pastures early in the year.

Panama: Total output increased sharply in 1966 with gross national product up 8 percent for a record per capita output of $516. Gains reflected high levels of nonfarm output. Rapid growth may continue in 1967, with a recovery in agriculture.

Both total agricultural and food production output were down 4 percent, largely as a result of drought and other problems affecting sugar. Crop output was off 5 percent, but livestock production increased 5 percent as a result of unusually good pasture conditions.

British Honduras: Economic output continued at a high level of near the 1965 growth rate of 6 percent. Gains resulted in spite of some weakening in forestry and fishery output. Agricultural output in 1966 was reduced by excessive rainfall, with little change reported for livestock products. The outlook for 1967 appears favorable.

SOUTH AMERICA

Economic output for South America showed little gain in 1966. Gross national product increased an estimated 2.5 percent compared with over 6 percent in 1965, reflecting lower output and modest gains in other sectors.

Argentina: The gross national product dropped around 1 percent for a per capita output of $586, as a 1966 recession interrupted a 2-year upswing. Uncertainty and a slowdown in manufacturing and related basic industries more than offset a significant increase in agricultural output. Some recovery is in prospect for 1967 as a result of a strengthening of economic activity late in 1966.

Agricultural output responded to generally favorable growing conditions, increasing 8 percent, with food production alone up 10 percent. Crop production increased 4 percent and was just short of the record high in 1964. Livestock output gained 14 percent to tie the previous record of 1963.

Bolivia: The 1966 gross national product increased about 5.5 percent for a per capita output of $151. Increased political stability and a continuing rise in mineral production and exports indicate further economic growth for 1967.

Agricultural output in the Altiplano was reduced by cold weather and drought but this was offset by favorable growing conditions in other areas. Total production increased 3 percent, food production, 2 percent. Crop output showed a 5-percent gain, but livestock production was unchanged to interrupt the uptrend since 1960.

Brazil: Economic activity in 1966 was down, reflecting slowdowns and declines in nonfarm and farm sectors. The gross national product increased less than 2 percent, compared with a rise of 7 percent for 1965, and per capita output declined to $192. For 1967, an upturn is in prospect with increased agricultural output.

Owing to unfavorable weather and the sharp reduction in coffee, agricultural output declined 13 percent below the record for 1965; food production was off 8 percent. Crop output fell 15 percent, but livestock production was unchanged.

Chile: Expanded mineral output and improved trade sparked some recovery in 1966. The gross national product increased about 5.5 percent for a per capita output of $570. Continued growth is expected in 1967.

Despite higher producer prices, 1966 agricultural output remained unchanged from both the 1964 and 1965

The old and the new in Latin America: Peruvian market (top left) contrasts with modern Venezuelan supermarket (above). Left, Guatemalan chicle, a major ingredient in chewing gum, ready for export.

levels. Food and crop production fell about 1 percent, but there was no change in livestock output.

Colombia: Policy changes stimulated confidence and recovery in late 1966. The gross national product rose some 5 percent, with an output of $294 per capita. Expanded investment may help to maintain economic growth in 1967 at near levels of the past year.

Growing conditions were generally favorable in spite of some early drought. Agricultural output in 1966 increased about 3 percent, and food production was up nearly 1 percent. Crop production gained 2 percent, and livestock output was up 4 percent.

Ecuador: Economic growth slowed, with an increase of about 4 percent in the gross national product, and an output of $216 per capita. Gains reflected increased investments in manufacturing and the growing fishery industry. Continuing adjustments are expected to restrict economic growth in Ecuador during 1967.

Despite adverse weather in mid-1966, including frost in the central highlands, modest gains were made in agricultural output. Total agricultural, food, crop, and livestock output were all up about 2 percent.

Guyana: Continued stability resulted in gains for this nation, which achieved independence on May 26, 1966. Gross national product was up about 5 percent, and per capita output reached $308. Gains reflected an expansion of the bauxite industry and improved agricultural output. Continued growth is anticipated for 1967.

Agricultural output increased, despite early drought. Total agricultural, food, and crop output increased more than 7 percent. Livestock products gained 13 percent.

Paraguay: The gross national product slowed to a 4-percent gain in 1966 for a per capita output of $248. Gains in forestry, textile output, and services offset a decline in farm output. Economic activity in 1967 may continue at the 1966 level.

Agricultural production was reduced by adverse weather and the lack of producer incentives in 1966. Total output declined over 4 percent, food production almost 3 percent. Crop output was off 5 percent; livestock output was down 3 percent.

Peru: The gross national product was up about 6 percent for an output of $377 per capita. Gains reflected increased investment and output in minerals, manufacturing, and services. Output in 1967 is expected to continue at near last year's level.

Frosts and drought reduced output in the southern Altiplano and much of the central highlands in early 1966. Total agricultural and crop output declined over 2 percent, but food production was down less than 1 percent. Livestock output decreased slightly.

Uruguay: The 1966 gross national product was estimated about the same as a year earlier for a decline in per capita output to $510. Some improvement in industry and business was canceled by other declines. Some recovery may be in prospect for 1967.

Total agricultural output declined nearly 1 percent, and food production was off over 2 percent. Crop gains of about 13 percent were more than offset by a 5-percent decline in livestock products, which account for three-fourths of the total value of agricultural production.

Venezuela: A slowdown in the petroleum industry resulted in some softness in the economy during 1966. However, the gross national product increased 5 percent for a per capita output of $895. Petroleum recovery may result in larger gains in 1967.

Agricultural conditions were mixed, with dry weather reducing food crops in some highland areas. Both total agricultural and food production increased slightly, with a 2-percent gain in livestock more than offsetting a slight drop in crops.

South American Dependencies: Surinam continued to make economic gains in 1966 reflecting greater bauxite and agricultural production, but French Guiana registered little increase in output, mainly for local consumption.

A case study of private development

The Rockefeller Foundation's 25 Years in Mexico

Twenty-five years ago, scientists from the Rockefeller Foundation went to Mexico to assist in government efforts aimed at reducing the nation's chronic and costly food deficit. From this start developed a cooperative research program that was to make Mexico self-sufficient in wheat and corn and that was to train thousands of young scientists and serve as an example to other developing nations of the world.

So great has been the progress fostered by the Foundation that Mexico today has its own research organization —the National Institute of Agricultural Research (INIA); Chapingo, the recently inaugurated headquarters of this organization, is the largest teaching, research, and extension complex in Latin America. Though no longer involved in its original program, the Foundation retains a strong interest in Mexico and currently has scientists assigned to another of its offspring—the International Maize and Wheat Improvement Center at Chapingo.

Wheat development outstanding

From the start, the Rockefeller Foundation concentrated on Mexico's basic food crops like wheat, corn, and potatoes, obtaining results in many cases that were far beyond expectations.

Take wheat production, for instance.

At the beginning of the Foundation's program, Mexico was importing nearly half its wheat needs—a tremendous foreign exchange drain on the economy. Average yields from the domestic crop were only about 10 bushels per acre and static, as subsistence farmers continued to cultivate land in much the way as their ancestors; and commercial wheat output was limited. Handicaps were such problems as wornout soil; use of varieties which suffered from lodging when fertilized; and untold losses each year from the devastating "rust" fungus.

The Foundation attacked these problems through its so-called package approach—that is, while working to improve soil fertility, it was also developing better varieties, improving seedbed preparation, and seeking more effective disease- and pest-control measures.

Much of the work was unrewarding at first. It took 10 years to develop widespread use of fertilizer. The big breakthrough in varieties was a long time in coming. And the Foundation suffered numerous setbacks in its program to control "rust."

By the 1960's, however, Mexico with the Foundation's help, had developed dwarf varieties of wheat that seemed to answer all its needs, had improved and expanded the irrigation facilities, and had sold farmers on the importance of using fertilizer. Government price supports had made wheat growing profitable and led to expanded commercial output. Average yields in 1966 were more than triple those of 1943; and in the fertile irrigated regions of Sinaloa and Sonora, they were among the highest in the world at 100 bushels per acre and over. And this one-time importer of wheat was taking steps to reduce its high price supports and to drop subsidized wheat exports far below the record 643,000 tons of 1965-66.

The corn and potato stories are similar. Improvements in varieties, measures against "tassel smut" disease, and increased use of fertilizer led to a doubling of corn production. This product, like wheat, became a major export

Left, Dr. D. S. Athwal (c.) of India's Punjab Agricultural University inspects improved varieties of Mexican wheat with Drs. Charles F. Krull and Normal E. Borlaug of International Maize and Wheat Improvement Center. Below, Mexican seed wheat for export to India.

item, also prompting government efforts to reduce producer price supports and exports. Production of potatoes, long cut by the ravages of late blight, has tripled in the last couple decades as a result of expanded commercial production and higher yields; work is now underway to develop more frost-resistant varieties for the Andean region of Latin America.

Besides these products, Mexico with the Foundation's help has made good progress in expanding production of forage crops and broiler and egg production.

Currently, the Foundation is backing Mexican research into improved grain sorghum varieties, as well as into such hybrids as "triticale"—a promising food crop obtained from crossing wheat and rye.

Thousands of scientists trained

The Foundation views as one of its greatest accomplishments the training of thousands of young scientists during its stay in Mexico. Over 700 young men and women have received training from Foundation scientists, making it possible for Mexico in 1960 to take over the research program. Moreover, students from all over the world are drawn to the International Center in Mexico to find ways of improving and expanding grain production in their own countries.

Indeed, the Mexican program today reaches around the world. Thousands of wheat lines have been sent to other countries. India, for instance, purchased 18,000 tons of improved Mexican seed wheat in 1966; along with varieties from the previous domestic harvest, this seed allowed India to plant some 990,000 acres to dwarf wheat. Many types of Mexican corn are preserved in germ plasm banks in Mexico, Colombia, and Brazil, where they are at the service of plant breeders.

Full-scale grain research programs similar to the one in Mexico and aided by the Rockefeller Foundation are now underway in Chile, Colombia, Ecuador, and other Latin American countries; in India, Pakistan, and Thailand; and in other nations of Asia and of Africa.

Among the other countries getting agricultural assistance from the Foundation is Colombia. Below Criollo beef cattle at Colombian experiment station; above, harvesting Mayo 64 wheat in Valle del Yaqui.

Below, seed bank at Chapingo. Right, Dr. Edwin J. Wellhausen, Director of the International Maize and Wheat Improvement Center, examines corn in experimental plot. Photos courtesy the Rockefeller Foundation.

COFFEE in Latin America: A Blessing and a Burden

By ALVIN E. GILBERT
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Coffee is the most important agricultural export commodity in Latin America. It accounts for more than 40 percent of total export earnings in Brazil, Colombia, Costa Rica, El Salvador, Guatemala, and Haiti and is an important crop in the Dominican Republic, Ecuador, Honduras, and Nicaragua. Smaller quantities are also produced in a number of the other countries. Latin America maintains its position as the world's top coffee supplier.

The contribution of this crop to the economy of the area has not been without its disadvantages. The sharp fluctuations in the price of green coffee in the past have seriously undermined both the political stability and economic development programs of the producing countries in Latin America (and in Africa as well).

Producers, exporters, and most of the coffee industry had to learn to live with these fluctuations. Experience had shown that when the situation was bad for a year or even longer things eventually got better, so the problem was to live through the bad years to enjoy the good ones. Small producers were able to do this through credit; larger producers did it by putting less labor, fertilizer, and general attention into their coffee farms during the bad years. Exporters survived by diversifying to other items that would carry them through when there was little or no profit in putting coffee into world markets.

Governments, however, were in a different position because they depended heavily on the foreign exchange earnings that came from coffee as well as the revenue they derived from export taxes. Thus, when prices were in the low periods of coffee's traditional price cycle, government incomes were down. Especially hard-hit were those countries where coffee is virtually the only source of income. This has been the burden of having all of one's economic eggs in one basket. In a period when most countries were trying to move ahead in economic and social development this instability in the coffee market was a real obstacle to sound planning.

International Coffee Agreement

To meet this instability problem, Latin American countries have joined together in recent years to form a series of "producer agreements" that have attempted to regulate the amount of coffee coming into the market. These actions finally culminated in the International Coffee Agreement (ICA) of 1962—sponsored by the United Nations—to which both importing and exporting countries were signatories.

The ICA has had its ups and downs, but it is generally considered to be much stronger now than it was in 1962. Today there are 38 exporting members (including all major producers) and 23 importing members (including all major consumers). Prices have become more stable and improved to a level in February 1967 (New York) that was about 10 percent above the average level that prevailed in 1962. At the same time a system of selective adjustments of quotas in response to price change was adopted. These made it possible for suppliers to be responsive to consumer needs and demands for different types of coffee throughout the year.

However, the successes the International Coffee Agreement has had in bringing more stability to the market and to the economies of producing countries should not be misconstrued to mean that all problems have been solved. Many countries have not yet shown the will to truly restrict their exports to export quotas. As a result world markets have had to cope with some unnecessary weakness and confusion. Producers and consumers have worked together to tighten the regulations, and it is hoped that the new stamp plan that went into effect on April 1 will eliminate most quota overshipments.

A second unresolved problem is that of overproduction, a subject that still casts a shadow on the scene. The 1962 International Coffee Agreement called upon producer-members to adjust production to the amount needed for domestic consumption, exports, and normal stock levels, in accordance with goals that were supposed to be established. Unfortunately, these goals have not yet been established and, although most Latin American governments have stopped encouraging the production of coffee, output has continued to rise. This, coupled with increases in production in Africa, has been a constant and ever-increasing threat to the Agreement.

Diversification—a possible solution

In recognition of this problem, increasing attention has recently been given to the setting up of a fund to support diversification. The present proposal being considered by members of the ICA would be called a "Development and Diversification Fund." It would help coffee producing countries—both technically and financially—to limit or even cut back on coffee production by developing other crops and industries to take its place. Brazil—the world's largest coffee producer—has already started such a program using its own resources. Early indications are that it will be successful in reducing its coffee production capacity.

In the rest of Latin America the problem might be a little more difficult since coffee is grown on more mountainous terrain where few other crops can be grown. Nevertheless, the World Bank, the Food and Agriculture Organization of the United Nations, and other international agencies are cooperating with the hope that some solutions can be found. When this happens, the contribution of the International Coffee Agreement will be even more notable.

Campaign for more consumption

World overproduction of coffee is also being attacked from another angle—increasing consumption. A "World Coffee Promotion Committee" has been set up under the auspices of the ICA. This committee will work with the coffee industries of the principal importing countries to promote increased consumption. Of particular concern has been the downward trend in per capita consumption in the United States, the world's largest importer of coffee. Recently, however, there have been indications that this drop has leveled off. Intensive promotion programs are being carried out to encourage an upward trend in consumption to keep it abreast with production.

Agricultural Geography: Latin America in Transition

New economic and social patterns are evolving throughout Latin America as geographical barriers are increasingly surmounted and more resources tapped.

By R. S. MAGLEBY
Foreign Regional Analysis Division
Economic Research Service

Geography exerted a profound influence on the settlement and early development of Latin America.[1] It also is the mold in which present-day development is being cast.

The size and physical relief of the region, particularly the high Andes mountains and tropical forests, have been obstacles to communication and transportation which are only now being overcome by roads and air travel. Four major river systems, Amazon, La Plata, Orinoco, and Magdalena, provide transport for interior areas.

Latin America has 15 percent of the earth's surface and extensive mineral and maritime resources. In total, 42 percent of the region is lowlands and plains, 33 percent plateaus and tablelands, 14 percent hill lands, and 11 percent mountains. The cultivable land is estimated at 70 percent, with less than half in agricultural use.

The region lies mainly within the tropics, but many valleys and plateaus are at high altitudes cool enough to permit production of Temperate Zone crops.

Although agriculture is still the major economic activity, minerals, oil, and fish products are becoming important for many countries.

ARGENTINA. Population: 22.1 million. Area: 1,084,000 square miles, about 11 percent cropland and 41 percent pasture. Capital and Latin America's largest megalopolis is Buenos Aires, with over 6.5 million inhabitants. Climate is mostly temperate. The central pampa region is one of the world's richest land areas. The La Plata River system is second only to the Amazon in Latin America.

Agriculture accounts for about one-fifth of Argentina's labor force, 17 percent of GNP, and 95 percent of exports. Wheat and other grains make up about 24 percent of exports, meat and by-products 22 percent, and wool 14 percent. Other exports are hides and skins, vegetable oils and seeds, and fruits.

[1] *As used here includes the 24 Latin American Republics and the three largest dependencies.*

BARBADOS. Population: 245,000. Area: a densely populated 166 square miles. Capital: Bridgetown. Independence in this newest and smallest of Latin America's republics was gained from Great Britain in November 1966. Tropical agriculture, principally production of sugar, and tourism are the island's main economic activities.

BOLIVIA. Population: 4.4 million. Area: a landlocked 424,000 square miles, 3 percent cropland and 10 percent pasture. Capital: La Paz, 410,000 inhabitants. Agriculture is centered in a great central plateau lying at a temperate 12,000-foot altitude and accounts for about two-thirds of the labor force, one-third of GNP, but only 5 percent of exports. Agricultural exports include nuts, coffee, and natural rubber. Mining is the backbone of Bolivia's money economy. Tin makes up 72 percent of exports, while lead, zinc, and tungstun account for 10 percent.

BRAZIL. Population: 84.7 million. Area: 3,280,000 square miles, making it the largest country in Latin America—larger than the United States, excluding Alaska. Some 2 percent of the area is cropland and 13 percent pasture. Brasilia, the capital, is smaller than São Paulo and Rio de Janeiro, both with over 3 million inhabitants. Climate varies from tropical in the Amazon River basin to temperate in the plateau areas of the south where agriculture is centered. Enormous undeveloped mineral resources exist. The Amazon River is navigable and is second to the Nile in length.

Agriculture accounts for about half of the labor force, one-fourth of GNP, and over 80 percent of exports. Coffee is by far the major export, 53 percent, followed by cotton, about 10 percent. Other exports include sugar, cocoa, tobacco, and sisal.

CHILE. Population: 9 million. Area: 286,000 square miles, 7 percent cropland and 1 percent pasture. Capital: Santiago, 2.3 million inhabitants. Because of Chile's mountains and great length, it has extremes of landscape and climate. Agriculture is centered in the central third of the country, although rainfall is limited and irrigation required. The northern mineral region is hot and dry, while the south is cold and inaccessible.

Agriculture accounts for about one-fourth of the labor force but less than 10 percent of GNP and exports. The export economy is heavily based upon Chile's mineral weath. Principal exports are copper, 65 percent; iron ore, 11 percent; nitrate; fishmeal; wool; beans; and various fruits.

COLOMBIA. Population: 18.5 million. Area: 440,000 square miles, 4 percent cropland and 13 percent pasture. Capital: Bogotá, 2 million inhabitants. Climate is moderate in the densely settled mountain valleys and tropical elsewhere. Agriculture accounts for about half the labor force, one-third of GNP, and 80 percent of the exports. Foreign exchange earnings are heavily dependent upon coffee, which provides about 70 percent, although petroleum is increasing in importance. Other exports include cotton and bananas.

COSTA RICA. Population: 1.6 million. Area: 19,700 square miles, 5 percent cropland and 15 percent pasture. Capital: San José, 115,000 inhabitants. The interior plateau, with an altitude of 4,000 feet, has a mild climate while the Caribbean lowlands are tropical. Agriculture is the main industry, accounting for about half the labor force, 30 percent of GNP, and nearly all exports. The principal products are coffee, 47 percent of exports; bananas, 27 percent; cocoa; and sugar.

CUBA. Population: 7.8 million Area: 44,218 square miles, 20 percent cropland and 30 percent pasture. Capital: Havana, 1.2 million inhabitants. Climate is subtropical. Agriculture likely accounts for 40-50 percent of the labor force, 30-40 percent of GNP, and nearly all exports. Big item is sugar, about 80 percent of exports, followed by tobacco, coffee, and cocoa.

DOMINICAN REPUBLIC. Population: 3.7 million. Land area: 18,815 square miles, 14 percent cropland and 12 percent pasture. Capital: Santo Domingo, 480,000 inhabitants. The country is generally mountainous with fertile valleys. Climate is subtropical with hurricanes a hazard. Agriculture predominates in the economy, accounting for half the labor force, 40 percent of GNP, and 90 percent of exports. Sugar is the principal export, 55 percent, followed by coffee, cocoa, bananas, and tobacco.

ECUADOR. Population: 5.1 million. Area: 112,000 square miles, 6 percent cropland and 6 percent pasture. Capital: Quito, 350,000 inhabitants. Altitude and sea currents cause a varied climate. Weather in the Andean plateau region is suitable for Temperate Zone crops. Agriculture, which accounts for about half the labor force and over one-third of GNP, could be expanded. Exports are nearly all agricultural, bananas ac-

counting for 49 percent, coffee 14 percent, and cocoa 12 percent. Other exports include sugar and castorbeans.

EL SALVADOR. Population 3.0 million. Area: 8,260 square miles, making it one of the world's smallest countries. Cropland is 27 percent and pasture 35 percent of the area. Capital: San Salvador, 275,000 inhabitants. Most of the country is a fertile volcanic plateau about 2,000 feet high. Climate is semitropical. Agriculture accounts for about 60 percent of the labor force, one-third of GNP, and 85 percent of exports. The principal exports are coffee, 52 percent; cotton, 23 percent; cottonseed oil and cake; and sugar.

GUATEMALA. Population: 4.6 million. Area: 42,000 square miles, 14 percent cropland and 5 percent pasture. Capital: Guatemala City, 570,000 inhabitants. Population is centered in the large highland area which has fertile valleys and a moderate climate. Coastal areas are semitropical. The country's economy is highly based on agriculture, which accounts for three-fourths of the labor force and over 90 percent of exports. Principal exports are coffee, 50 percent; cotton, 15 percent; bananas; beef; and sugar.

GUYANA (formerly British Guiana). Population: 665,000. Area: 83,000 square miles, 2 percent cropland and 5 percent pasture. Capital: Georgetown, 170,000 inhabitants. Independence was gained in 1966. Agriculture is centered in the hot and humid coastal areas and accounts for over two-thirds of the labor force and 50-60 percent of exports. Principal exports are sugar, 42 percent; bauxite, 21 percent; rice; wood; and diamonds.

HAITI. Population: 4.7 million. Area: 10,700 square miles, 13 percent cropland and 18 percent pasture. Capital: Port-au-Prince, 250,000 inhabitants. Climate varies from tropical at the seaports to mild and cool in the mountain highlands and valleys. Agriculture is centered on the semiarid plateau and accounts for 80 percent of the labor force and 70 percent of exports. Principal products are coffee, 45 percent of exports; sugar, 9 percent; sisal; and some grains.

HONDURAS. Population: 2.3 million. Area: 43,300 square miles, 9 percent cropland and 25 percent pasture. Capital: Tegucigalpa, 165,000 inhabitants. Terrain is generally mountainous with fertile plateaus and river valleys. Climate is temperate in the highlands and hot and humid in the coastal lowlands. Agriculture accounts for about two-thirds of the labor force, half of GNP, and 80 percent of exports. Principal exports are bananas, 39 percent; coffee, 16 percent; wood; cotton; meat; cattle; hogs; and corn.

JAMAICA. Population: 1.9 million. Area: 4,411 square miles, 20 percent cropland and 23 percent pasture. Capital: Kingston, 380,000 inhabitants. Except for a narrow coastal strip and a few plains, the country is high and rugged. Climate is tropical with hurricanes a hazard. Agriculture accounts for half the labor force and about 40 percent of exports which include bauxite and aluminum, 43 percent; sugar, 28 percent; bananas; other fruits; and rum.

MEXICO. Population: 42.2 million. Area: 760,000 square miles, about 10 percent cropland and 38 percent pasture. Capital and Latin America's second largest metropolitan area is Mexico City, nearing 6 million inhabitants. Large central plateau area is center of population and agriculture. Climate varies from tropical on the east coast and in the south to temperate in mountain areas. Over half the land is moisture deficient.

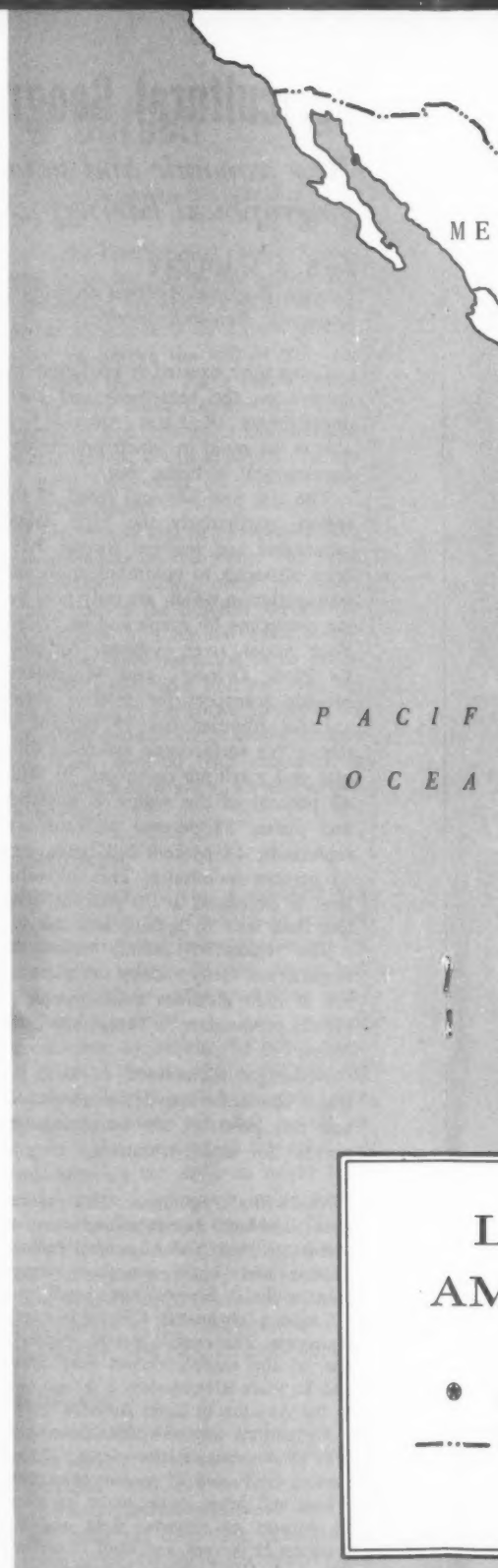
In Mexico's expanding economy, agriculture accounts for about half the labor force and exports and one-fourth of GNP. Principal exports are cotton, 20 percent; coffee, 7 percent; lead and zinc, 6 percent; sugar; beef; hard fibers; and fruits and vegetables.

NICARAGUA. Population: 1.7 million. Area: 57,000 square miles, 12 percent in agriculture. Capital: Managua, 225,000 inhabitants. Agriculture centers in tropical lowlands along the Pacific Coast and accounts for about 65 percent of the labor force, one-third of GNP, and 80 percent of exports. Cotton is the principal export, 41 percent, followed by coffee, 18 percent; meat; cottonseed; sugar; and animals.

PANAMA. Population: 1.2 million. Area: 29,200 square miles, 7 percent cropland and 11 percent pasture. Capital: Panama City, 370,000 inhabitants. Low mountains and fertile intervening valleys have moderate climate, while other areas are tropical. Agriculture accounts for about half the labor force, one-fifth of GNP, and 50 percent of exports. Principal exports are bananas, 43 percent; refined petroleum, 35 percent; shrimp; coffee; animals; and sugar.

PARAGUAY. Population: 2.0 million.

DO YOU KNOW THAT—*The world's driest spot is the Atacana Desert in Chile, where at one point no rain has ever been recorded • The world's southernmost town is Puerto Williams, Chile • The Amazon River is second only to the Nile in length • The Angel waterfall in Venezuela, 3,212 feet, is the world's highest • The highest mountain peak in the Americas is Aconcagua, 22,834 feet, on the border between Chile and Argentina.*



MEXICO
GULF OF MEXICO
BAHAMA IS.
ATLANTIC OCEAN
CUBA
HAITI
PUERTO RICO
LEEWARD IS.
WINDWARD IS.
Mexico
BR. HONDURAS
Belize
HONDURAS
JAMAICA
DOMINICAN REP.
Guatemala
Tegucigalpa
GUATEMALA
CARIBBEAN SEA
BARBADOS
TRINIDAD AND TOBAGO
San Salvador
EL SALVADOR
NICARAGUA
Managua
GUYANA
San José
Panama
Caracas
Orinoco
COSTA RICA
PANAMA
Magdalena
VENEZUELA
Georgetown
Paramaribo
CANAL ZONE
Bogotá
COLOMBIA
Cayenne
FR. GUIANA
SURINAM
Quito
ECUADOR
Negro
Amazon
Tapajós
BRAZIL
Ucayali
Madeira
Araguaia
Tocantins
São Francisco
Lima
PERU
La Paz
BOLIVIA
Brasília
Sucre
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São Paulo
Rio de Janeiro
Asunción
Paraná
URUGUAY
Santiago
Montevideo
Punta del Este
Buenos Aires
Río de La Plata
ARGENTINA
Colorado
LATIN AMERICA
Capital
International boundary

Better Transport Boosts Mexico's Horticultural Exports

A. CLINTON COOK, *Fruit and Vegetable Division, Foreign Agricultural Service, gave a talk on Mexico's horticultural industry at the 21st International Conference on Handling Perishable Agricultural Commodities, held at Purdue University, March 21. Following are some of his remarks:*

A look back in history shows that all developed countries have followed a similar pattern in agricultural production. The key has been a good transportation system. Mexico, which has made great strides in fruit and vegetable production, fits this pattern. For years its horticultural industry was held back by inadequate transportation.

The vegetable industry in the States of Sonora and Sinaloa was the first attempted commercial production in Mexico. All of the produce was grown for export to the United States and Canada. A half century ago boat service to Los Angeles was tried, but the venture failed. Then rail service was started, but it was poor and unreliable, and growers struggled for their existence. Five to 7 days for moving a car 700 miles is not compatible with highly perishable freight.

During the early 1950's the roadbed was rebuilt, and in railroad slang they "dieselized" the system. The transit time—Culiacan to Nogales—was cut to about 40 hours for the 700 miles. In 1965, a special "piggyback" train cut the time to 15 hours, while motor trucks for the past several years have been averaging 18 hours. Also, during the past 10 to 15 years, there have been major improvements in the highway system within Mexico, which have substantially increased domestic sales.

Production of winter vegetables at one time was about equally divided between Sonora and Sinaloa. Now it is concentrated in the relatively frost-free Culiacan Valley, where two large irrigation dams provide adequate water. Thus, land and water are unlimited for vegetable production, with the result that nearly all of the fresh vegetables for export are grown in this area. The exceptions are onions, garlic, and about half the melons.

Tomatoes the biggest vegetable export

The total tonnage of fresh vegetables exported by Mexico (based on U.S. import statistics) has increased by over 500 percent since 1955. The tonnage for calendar 1966 was 5.2 million cwt. (hundredweight), or 17,000 carloads of 30,000 pounds each, as compared to 970,000 cwt. in 1955 and 4 million in 1965. Fresh tomatoes accounted for over two-thirds of this increase as well as of the tonnage exported. Cucumber exports increased more than 90-fold during the 12-year period, and peppers nearly 6-fold.

Melon exports have followed a similar pattern, increasing from 560,000 cwt. in 1955 to 2.0 million in 1966. About half the melons originate in the Apatzingan area.

Fruits may decline

Fresh fruit has followed an erratic pattern and there has been little or no upward trend. Exports to the United States were 1.2 million cwt. in both 1955 and 1966. Fresh oranges made up nearly half of these exports, followed by pineapples and bananas. In view of the large U.S. citrus crop, Mexico's exports of fresh fruit may decline. Frozen strawberry exports, however, have shown a spectacular growth—from 12 million pounds in 1955 to 83 million in 1966.

In summary, the value of Mexico's horticultural exports to the United States exceeded the $100-million mark for the first time in 1966. This is an increase from $15 million in 1955 to $107 million in 1966. Total exports of fresh fruits and vegetables and frozen strawberries reached a record 9 million cwt. in 1966, which is equal to 30,000 carlots of 30,000 pounds each.

Area: 150,000 square miles, 1 percent in cropland. Capital: Asunción, 305,000 inhabitants. The western region of this semitropical country is low grass and woodlands, while the eastern part is rolling plains and wooded highlands. Large areas of land suitable for farming remain unutilized. Agriculture accounts for half the labor force, one-third of GNP, and about 60 percent of exports. Principal exports are meat, 27 percent; lumber, 15 percent; quebracho; tobacco; cotton; coffee; and hides and skins.

PERU. Population: 12 million. Area: 514,100 square miles, 3 percent cropland and 13 percent pasture. Capital: Lima, about 2 million inhabitants. The Andes Mountains divide Peru into three zones. Coastal areas are arid, mountain valleys and plateaus are cool, and the eastern plains are subtropical. Agriculture accounts for about half the labor force, one-fifth of GNP, and about 40 percent of exports. Principal exports include fish and fish products, 24 percent; copper, 16 percent; cotton, 16 percent; sugar; coffee; and animal hair, primarily alpaca.

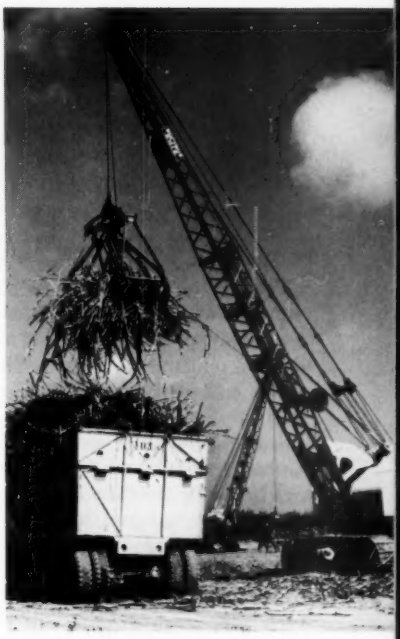
TRINIDAD AND TOBAGO. Population: about 1 million. Area: 1,980 square miles, one-third in agriculture. Capital: Port-of-Spain, 200,000 inhabitants. Climate is tropical. Agriculture accounts for about one-fifth of the labor force, but only one-tenth of GNP and exports. Oil production and refining is Trinidad's leading industry, with petroleum products accounting for 80 percent of the island's exports. Other exports are sugar, cocoa, citrus, and rum.

URUGUAY. Population: 2.8 million. Area: 72,172 square miles, 14 percent cropland and 68 pasture. Capital: Montevideo, 1 million inhabitants. Climate is moderate and rainfall adequate. Much of the country is rolling plains used for grazing. Agriculture accounts for about one-fifth of the labor force and GNP, but provides nearly all the exports, including wool, 47 percent; meat, 28 percent; hides; flaxseed; rice; and linseed oil.

VENEZUELA. Population: 9.1 million. Area: 352,150 square miles, 6 percent cultivated and 20 percent pasture. Capital: Caracas, 1.4 million inhabitants. Population and economic activity are centered in the highlands where the climate is tempered by the altitude. Coastal areas are very hot. The Orinoco River provides water transportation to the interior. Agriculture accounts for one-third of the labor force but only a minor part of GNP and exports. Petroleum is the major foreign exchange earner, 93 percent; followed by iron ore, 5 percent; coffee; and cocoa.

DEPENDENCIES. The three largest dependencies in Latin America are Surinam (under the Dutch Crown; population: 400,000; area: 55,140 square miles), French Guiana (population: 40,000; area: 35,000 square miles), and British Honduras (population: 110,000; area: 8,869 square miles). All have a tropical climate. Agriculture is of greatest importance in British Honduras, accounting for 60 percent of exports. Surinam exports primarily bauxite and lumber; French Guiana ships lumber and shrimp.

SUGAR: One of Latin America's Oldest Assets



Peru is one of Latin America's sugar-raising countries. Picture at top shows cane being cut; at right, mechanized harvesting; and above, arriving at factory in flat cars.

By LESLIE C. HURT
Sugar and Tropical Products Division
Foreign Agricultural Service

For nearly 400 years, sugar has been a mainstay in the economy of Latin America. In 1600, the production of raw sugar in tropical America was said to be the largest industry in the world. Today, sugar is a principal export crop for most countries of the area, and the area itself is a primary source of the sugar entering world trade. This central importance of Latin America's sugar sometimes makes it a point of vulnerability in the economy.

Almost all the Latin American countries produce sugar, and all except a very few do so on an export basis. Latin America's sugar trade brings in all together an equivalent of almost a billion dollars a year (about $850 million for 1967). Cuba accounts for half of the total, although much of its trade is on a barter basis with other Communist countries. But Latin America's sugar exports to the United States alone are expected to have a value of about $300 million in 1967.

Sugar's place in history

The Latin American sugar trade may be said to date back to 1506, when the first successful attempts to transplant sugarcane took place on the island of Hispaniola (in what is now the Republic of Haiti). It was then that sugarcane as a commercial crop finally took root in the Western Hemisphere, after a journey that probably began in northeast India some 3,000 years earlier.

Sugarcane cultivation, spreading gradually from India to Persia, was introduced to the Mediterranean Basin by the conquering Arabs, who swept across Africa and into Spain between the 7th and 9th centuries. But sugar only began to be a profitable business during the Middle Ages, when the Crusaders brought home a taste for it.

In the 15th century, the Turkish capture of Constantinople upset sugar production and trade in the Mediterranean Basin area. The need of new sugar sources for Europe's sweet tooth prompted Spanish and Portuguese explorers to take cane stock from the Madeiras, Azores, Canaries, and Cape Verdes across the Atlantic with them. Men like Columbus, Cortez, and Pizarro helped cane to reach many areas of the New World—especially the Caribbean, where in the 30 years after successful establishment in Hispaniola, sugarcane was being so widely grown that the islands of that sea were called the "sugar islands." Cane was taken to Puerto Rico in 1515 and to Mexico in 1520. The Portuguese introduced it to Brazil in 1500, and by 1526 shipments of sugar were being made to Lisbon. Later explorers—including Captain Bligh—brought to the Caribbean from the South Pacific the Bourbon or Otaheite variety that was most prominent in the area's sugar industry until the late 19th century.

How the industry grew

During the 17th and 18th centuries the Latin American sugar industry increased rapidly. The estates were generally small, each with its own sugar works and labor force of slaves. Trade between the European countries and the sugar-producing regions of the Western Hemisphere developed on the basis of shipping slaves westward and carrying sugar, molasses, and rum on the voyage back.

The abolition of slavery in many different countries of the world between 1761 and 1865 caused a decline in the New World's sugar production. Because the Napoleonic Wars had created a sugar demand that could not be fully satisfied from the Western Hemisphere output, Europe began, early in the 19th century, to establish a beet sugar industry to fill the gap. By 1865, world production of cane sugar—mostly in Latin America—amounted to only about 1.5 million tons. A century later, however, in 1965-66, Latin America alone was providing more than 19 million tons out of a world cane sugar total of nearly 40 million —and the world cane-and-beet sugar total had reached nearly 69 million.

Latin America in world sugar trade

Total Latin American sugar production for the 1966-67 year will amount to some 20.4 million tons. With consumption expected to amount to some 9.5 million, more than 10 million would be available for export—approximately half of the world's total sugar trade.

Of the Latin American countries 21 have quotas to the U.S. market, which was set at 2.2 million tons for 1967. (Cuba does not have a U.S. quota.) Exports by these countries to countries of the world other than the United States will probably amount to about 2.6 million tons, with a value of $150 million. Included in these exports are negotiated price quotas of 835,000 tons, assigned to former British dependencies under the British Commonwealth Agreement; such exports will probably have a value of about $90 million. In addition to revenues derived from exports of sugar, Latin America has a sizable income from exports of molasses, sales of which have been growing in recent years.

Under the United States Sugar Act, the 21 Latin American countries that have market access have been assured a certain degree of security for their prospective future trade, since the present legislation extends through 1971. The Act provides that all growth in U.S. consumption requirements between 9.7 million and 10.4 million tons will be awarded to foreign countries and that allocation of deficits will be made to Western Hemisphere countries that purchase agricultural commodities from us. The Act also has provisions that would govern in case diplomatic relations were resumed with Cuba. Restoration of the Cuban quota would be on a graduated basis over a 3-year period, and Cuba's pro rata share of foreign quotas would be much less than in pre-Castro days.

The International Sugar Agreement does not now include quota and price provisions, nor has it done so since 1961, when a negotiating conference failed to agree on export quotas. There have been wide fluctuations in the market price for sugar since that date. Prices on both the world market and the U.S. market reached very high levels in 1963 and maintained them well into 1964. These high prices, for which two successive short crops in Europe and Cuba were primarily responsible, encouraged many farmers in Latin America and elsewhere to expand or to begin sugarcane production. Increased acreages, coupled with favorable weather conditions, have now resulted in 3 successive crops years in which production exceeded consumption.

The result has been that world prices have declined to levels far below the cost of production. In January 1967 they reached 1.23 cents per pound, the lowest point since July 1941. This price slump has particularly affected countries that depend in large part on markets other than the United States and the British Commonwealth, for prices on these two markets have remained very stable; indeed, their recent level has been more than three times as high as the world price.

Since 1961 there have been several attempts to revive the International Sugar Agreement. A negotiating conference was held for this purpose in Geneva during the fall of 1965, under the auspices of the United Nations Conference on Trade and Development. It failed to come up with a solution, although protocols have extended the Agreement through 1968 minus the quota and price provisions. Meanwhile, the Secretary General of UNCTAD and the Executive Director of the International Sugar Council have continued to hold consultative conferences working toward a new Agreement for sugar and further conferences and negotiations are expected to be held to continue these efforts.

What lies ahead?

Latin American countries are expected to continue to be a primary supplying area for the world's sugar trade. Almost all the countries are now exporters of cane sugar the only sizable importers are Chile and Uruguay, which are also the only producers of beet sugar. In view of the current depressed world market, some of the countries have either cut back on production or limited their expansion. A bright spot in regard to low prices, however, is that consumption is now being stimulated. But the period of adjustment is particularly difficult for those countries that depend on sugar as their primary or only export crop.

Mound of raw sugar in warehouse in Trinidad awaiting shipment to Great Britain.

OAS Looks Toward Creation a of Common Market

By VIRGINIA JOHANNSEN
International Monetary Branch
Economic Research Service

At Punta del Este on Wednesday the gavel will fall on the first summit-level discussion of a common market for Latin America in 11 years. Whereas the previous summit, which was held in Panama, was purely ceremonial, the April 12-14 meeting has before it several very basic policy issues of the greatest significance to the Hemisphere.

One of the central issues to be considered by the Heads of State is the creation of a Latin American common market which would be open to all "developing countries" that are members of the Organization of American States. (The "developing countries" clause would make the United States ineligible, and the OAS membership clause would exclude Cuba, whose membership in that organization has been suspended.)

Discussion of a common market for Latin America has been increasing in intensity and frequency during the last 2 years. What began as a recommendation of a few select and high-level statesmen and economists in the Hemisphere, urging broader and bolder efforts toward economic integration, has now been widely accepted in North and South America as a worthwhile target.

Rusk pledges U.S. support

The United States has now officially added its full support to this development. At the OAS Foreign Ministers' Meeting held in Buenos Aires in February, U.S. Secretary of State Dean Rusk stated that Washington is prepared to give "substantial" financial and other support to Latin American integration efforts. Furthermore, at this week's Summit Meeting, the United States is expected to encourage the nations to adopt a concrete commitment to a starting date for the process of building a common market. The United States also supports a timetable for successive and automatic reduction in tariffs and other trade restrictions until is virtual freedom of movement of goods, persons, and capital throughout Latin America.

This process would presumably involve a target date for the establishment and effective functioning of a common market; the date most frequently heard is 1980. The more realistic view, however, is that it is more important to have a firm commitment to begin than to have negotiations break down over whether 1980, 1985 or even 1990 is the year the common market will be flourishing.

A step beyond CACM and LAFTA

The recently increased interest in a common market for Latin America stems from a sense of frustration and disillusionment with the existing vehicles of economic integration. The Central American Common Market (CACM) and the Latin American Free Trade Association (LAFTA) have certainly been successful in stimulating trade within their respective areas and have undoubtedly contributed to a new continental approach to investment and development. However, both regional trading systems have recently found that they are reaching a point where new initiatives are needed if the process of integration is to continue. Although this is especially true of LAFTA, the highly successful CACM has also come to a point where it must define its future directions.

The Central American Common Market, which includes the five small nations of Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua, is the Hemisphere's most successful and most highly-praised effort toward regional economic integration. In the 8 years that the CACM has been in existence, the value of trade among the five member republics has increased approximately six-fold, representing an average growth rate of 32 percent per year. Total intra-regional trade amounted to $136 million in 1965, which far surpasses the 1965 target figures.

Behind these impressive figures, however, lurk serious problems for future expansion. Although internal trade restrictions have been removed from 98 percent of all scheduled trade items, the remaining 2 percent include the region's major export products and account for almost one-fifth of the value of the region's total trade. The important products cotton, coffee, refined petroleum products, and certain textiles are among those items which have hitherto been exempt from free-trade treatment and for which a common external tariff has yet to be negotiated.

Balance of industry and agriculture

Another problem which now confronts the CACM is the difficult issue of a common industrial policy. The idea of "integration industries" is central to the Common Market. Under this policy an effort is made to distribute new industrial investment and construction among the member countries to avoid unnecessary duplication and to achieve balanced regional development. In spite of this policy, there are indications that some of the member countries are benefiting more than others and in certain areas industry is being expanded at the expense of agriculture. The CACM now faces the task of finding a way to achieve some uniformity in the incentives offered by each country that build up investment.

Now that internal tariffs have been removed and common external tariffs have nearly all been established, the CACM is expected to enter into a new phase of economic integration. This will concentrate on other essential aspects of a common market, such as expanding and perfecting the monetary union and payments mechanisms, and developing common policies with regard to agriculture, taxation, and foreign investment. Central America will also be looking outward, since the Summit Conference's discussion of a Latin American common market is certain to include some sort of association between CACM and LAFTA. The first steps are already being taken in the form of technical agreements and trade concessions between Mexico and the countries that make up Central America.

The Latin American Free Trade Association began operating in 1961 with nine members: Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, and Uruguay. Venezuela joined this year, but has not yet become a fully operating member, and Bolivia has recently expressed its desire to join the Association. During the early years of its existence, intra-LAFTA trade expanded at a rapid rate of 30 percent per year and the first

rounds of negotiations resulted in significant tariff reductions. It appeared that if this trend continued, the Association would easily achieve its goal of free trade by 1973.

However, figures on the growth of LAFTA intra-regional trade must be read with certain caution. Even though there was significant expansion in trade among the members, this trade still represents a small proportion of the total for that area (10 percent in 1965). Furthermore, some of this expansion may have been little more than a recovery from the decline in regional trade in the 1950's. Having made this recovery, trade within the LAFTA area appeared to have reach a plateau in 1966.

It has become increasingly difficult to arrive at mutually agreeable tariff reductions now that further negotiations will affect the most sensitive areas of each member's economy—agriculture and high-tariff consumer goods industries. So at midpoint in the period of the LAFTA Treaty's duration, the member nations are searching for a new approach that will give impetus to the process of regional integration and economic development in Latin America. This is the task which faces the Hemisphere's presidents this week at Punta del Este.

Bananas Hold Top Spot in Ecuador's Agricultural Trade

Bananas last year were the No. 2 agricultural export earner for Latin America as a whole, exceeded only by coffee and slightly ahead of meat and cotton. And although Ecuador is far the largest banana exporter, Colombia, Brazil, Panama, Honduras, Guatemala, and Costa Rica also earn sizable sums from shipments of this tropical product.

Ecuador, like so many other Latin American countries, is highly dependent on a single crop. For Ecuador, that all-important crop is bananas, and the country's dollar balance of trade fluctuates favorably or unfavorably according to its share of the banana market and the level of prices. In 1966, shipments of bananas totaled 1.3 million metric tons for an estimated value of $78 million, or approximately 47 percent of Ecuador's total foreign exchange earnings; other agricultural products—coffee, cocoa, and sugar—made up most of the remainder.

Centered in the tropical lowlands

The hot, humid tropical lowlands of Ecuador support the banana industry. Here, new plantings grow rapidly, with the first fruit ready to harvest 10-13 months after planting. Highly perishable, these bananas are harvested green and ripened to their familiar yellow color before reaching the retail market.

Chief variety in Ecuador has long been the Gros Michel, a high-growing type of banana. However, in recent years, many producers have swung toward the Cavendish-type varieties, which are shorter, higher yielders, and resistant to Panama disease. At one time, production of the latter varieties was limited because of their susceptibility to bruise damage, but this has become less of a problem since most bananas today are boxed before shipping.

A minor exporter of bananas before the Second World War, Ecuador was quick to develop its natural potential in the early postwar years and to take advantage of setbacks in Central America. The frequent "blowdowns" and Panama disease that made Central American production of Gros Michel increasingly speculative during those years were much less problem in Ecuador. And the country, through extensive road construction opened vast new areas, well suited to growing bananas.

With full government backing, the banana boom was underway. By 1952, Ecuador was the world's leading exporter, and it has held that position to the present time. Although Sigatoka disease appeared in the 1950's, a continual aerial spraying program of Ecuador's Dirección Nacional del Banano has kept this disease under control. By 1960, Ecuador's banana exports had climbed to over a million tons; at that level, they accounted for more than one-fourth of total world shipments of bananas.

Mainstay of this trade has been the United States, which in the 5-year period, 1961-65, took roughly 60 percent of Ecuador's banana exports. Far the world's leading importer of bananas, the United States in 1966 imported 3,717 million pounds of fresh bananas compared with 3,493 million in 1965. Of the 1966 total, 1,107 million pounds were from Ecuador.

Countries other than the United States, however, made possible Ecuador's more recent export expansion. Record shipments of 1.39 million tons in 1964 were achieved as a result of substantially larger sales to West European nations. And Japan became a big purchaser in 1963 and 1964 as a result of wind damage to the crop in Taiwan—Japan's major banana supplier. Japan's importance as an outlet fell off in 1965, when Taiwan moved back into the market. Now, with Japan only an intermittent buyer, Ecuadoran exporters are looking increasingly to Western Europe, which in 1966 for the first time took more Ecuadoran bananas than any other market.

Serious problems ahead

Despite this prominence as a banana exporter, Ecuador today faces an uphill battle in meeting its competition and preserving its markets. Many of the factors that made Ecuador so important are now gone, and the traditionally big producers—Colombia and Central America—have made a striking comeback. In these areas, plantations newly planted to more disease- and storm-resistant varieties, particularly the Cavenish, are coming into production. And with comparatively lower transportation costs to the United States plus rigidly controlled quality programs, Central America once again has a distinct market advantage in the United States over Ecuador.

To meet this situation, Ecuador is adapting the newer varieties, growing increasing amounts in its more favorable producing regions of the South, and making efforts to reduce export taxes and eliminate unnecessary costs and handling. Nevertheless, exports in 1967 are expected by many producers and prominent exporters to be down from last year.

To prevent further deterioration in exports of this principal dollar earner, Ecuador will have to embark on a unified program designed to fully match the competition in production and marketing by other countries. At the same time, present plans for diversifying production to other food crops and to pasture and livestock could ultimately improve the country's overall agricultural position.

—WILLIAM C. BOWSER
U.S. Agricultural Attaché, Quito

U.S. Agriculture Seeks New Markets in Latin America

Organizations representing U.S. producers of soybean products, grains, and livestock are engaged in vigorous programs to service Latin America's import needs.

Economic development in Latin America has encouraged U.S. agricultural groups with an eye toward exporting to do some developing of their own: market development. As demand for better foods increases, old markets are expanding and new ones opening up for commodities that Latin America must import and the United States—with due attention to servicing the needs of individual buyers—can supply.

Recognizing that U.S. agriculture can fill many of the gaps between supply and demand in Latin America, FAS and several of its market development cooperators are engaged in programs to seek out the needs of individual markets, familiarize buyers with the quality of U.S. commodities, and provide technical assistance to insure that handling and processing methods yield maximum results.

Organizations with market development programs in Latin America include Soybean Council of America, Inc., Great Plains Wheat, Inc., U.S. Feed Grains Council, American Brahman Breeders Association, and Holstein-Friesian Association of America. In addition, many activities of the FAS Global Livestock Project focus on countries in Latin America.

New soybean, oil markets

The Soybean Council concentrates its activities in the region extending from Venezuela down the west coast of South America to Chile, an oilseed-deficit region. Operations are directed from two offices in Bogotá, Colombia—a country office for Colombia and a regional one for all of South America.

Over 5 years ago, when the Council began its Latin American operations, the market for vegetable oils was small and not U.S. oriented. Today, demand is outstripping supply. Venezuela, with a fairly sophisticated crushing industry, imports soybeans and cottonseed oil from the United States; the other countries in the region—Colombia, Ecuador, Peru, and Chile—are buying soybean oil. Colombia in the past year has become the largest Latin American market for U.S. soybean oil. Satisfied with its adaptability and quality, Colombian buyers are turning from other suppliers to the United States.

Council activities in South America include technical assistance to crushing and refining plants. Last year, a Council oil technologist spent 6 weeks at vegetable oil refineries in Colombia, Ecuador, Peru, and Venezuela advising on modern techniques of processing U.S. soybean oil into margarine and vegetable shortening.

Another Council program brings high-level government and industry personnel to the United States to inspect the soybean industry. Next month, a team from Colombia will tour soybean oil crushing, refining, and export facilities and meet with U.S. industry officials.

To keep up with the supply and demand situation, the Council's director for South America is in constant contact with government buying agents, processing companies, and many Latin American representatives of U.S. suppliers of soybeans, oil, and meal.

The program for wheat

As with oilseeds and vegetable oils, many countries in Latin America do not produce enough wheat to meet domestic needs. To encourage imports of U.S. wheat and insure its successful use, Great Plains Wheat supplies market

Left, purebred U.S. Black Angus bull is unloaded at airport in Guatemala; below, Paul Dirkson of the Brown Swiss Cattle Breeders' Association presents an award at a Venezuelan fair.

Left, U.S. Feed Grains Council exhibit at a Colombian fair shows layer replacements fed on various rations; above, students at baking school in same country learn improved techniques of bread production.

information and technical service to the Latin American grain trade through its offices in Caracas, Venezuela, and Rio de Janeiro, Brazil.

GPW helped equip Ecuador's National Wheat Commission laboratory with apparatus to test both domestic and imported wheat so that millers could import the right wheat for blending with the domestic crop. The director of the laboratory was trained in the United States under GPW sponsorship to operate the equipment.

Another technical service program—this one in Colombia—trains bakers in improved techniques for producing high-quality, nutritious bread at lower cost. In cooperation with Colombia's National Apprenticeship Service, a school was set up with courses in science, organic chemistry, baking ingredients, and the practical application of baking techniques. By mid-1965, 150 students from Colombia, Peru, and Ecuador had been graduated from the school. Later, enrollment was limited to students from Colombia and the program expanded to include more specialized courses, allowing students to become baking instructors. Graduates are now teaching baking classes, and two have been assigned a mobile unit which travels to rural towns.

GPW also sponsors team visits to give Latin American buyers a firsthand look at the U.S. wheat industry. Last year, a team from Venezuela—which must import most of its wheat requirements—inspected producing areas, elevators, port facilities, and milling laboratories.

Market information is a vital part of the GPW program. Members of the South American trade receive a steady flow of quality, availability, price, and credit data on U.S. wheat. For easy reference, GPW has supplied cards in Spanish, Portuguese, and English containing samples of the five classes of U.S. wheat and their subclasses. In turn, the GPW staff gathers data on importing countries' crops and their market potentials.

USFGC sponsors feeding trials

U.S. Feed Grains Council reports a growing market for U.S. feed ingredients, such as feed additives and dehydrated alfalfa, in Central America where the Council currently has two feeding trials underway.

A project at the Pan American Agricultural School in Honduras compares the value of fattening steers in confinement, on grain-based rations, with growing them out on pastures. In feeding trials at the University of Costa Rica, calves are fed intensive rations with a high percentage of concentrates to show that sizable gains in weight can be obtained at relatively low cost.

The Council has also exhibited swine and poultry at Latin American trade fairs to point out the advantages of intensive grain rations as compared with less efficient feeding practices.

Cattle sales moving well

U.S. cattlemen are finding markets for quality breeding stock as Latin American countries attempt to improve their livestock industries. The FAS market development program for livestock in Latin America is carried out through three projects. In addition to its own Global Livestock Project, FAS cooperates in programs with the American Brahman Breeders Association and the Holstein-Friesian Association.

The two breed associations can point with pride to statistics on U.S. exports of breeding cattle to Latin America. Of total exports of purebred American Brahman and Holstein cattle, about three-fourths of the Brahmans and two-thirds of the Holstein go to this region.

In their market development programs, both breed associations send judges and classifiers to judge cattle at Latin American shows and do classification work on ranches. The American Brahman Breeders Association also distributes brochures in Spanish, has done a Spanish-soundtrack film on Brahman cattle, and supplies graphic exhibits at Latin American livestock fairs.

The FAS Global Livestock Project is for breeds other than Brahman and Holstein. Under the Project, judges are sent to Latin American cattle shows, teams are sent out to survey potential markets, trophies are awarded to top show animals, graphic exhibits are set up at fairs, and purchase missions are brought to the United States. One such mission from Uruguay last year bought eight American Angus yearling bulls.

Also last year, FAS filmed two movies in Spanish, one on Polled Hereford and one on Charolais cattle, for showing in Latin America.

U.K. Raises Payments on Livestock

The United Kingdom's recently announced farm-price review substantially increases the guaranteed prices for domestic livestock in the 1967-68 marketing year.

Guaranteed prices for fat cattle have been increased about 63 cents per pound to $23.63 per 100 pounds, live weight. The new fat sheep price is $46.38 per pound, dead weight, or about $23.20 live weight. The basic guaranteed price for pigs is $32 per 100 pounds, dead weight, or about $24 per 100 pounds, live weight. Milk prices have been increased 1½ cents to 51 cents per gallon, and the total quantity of milk on which the guaranteed price is paid has been increased to 20.5 million gallons. Dairy farmers will also benefit from larger dairy calf subsidies.

In addition to the increased guaranteed prices for fat stock, the government decided to increase subsidies paid to farmers for maintaining and expanding breeding herds and flocks. Beef cow and calf subsidies have been increased by $2.80 a head. Hill cow subsidies—where most expansion in beef herds is expected—have been increased $3.50 per head.

To encourage sheep production in the hills and uplands, a hill sheep subsidy of $2.94 per head will be paid on all eligible ewes. This is an increase of about 28 cents. A subsidy will also be paid to compensate for the decline of lowland breeding flocks, this subsidy has been set at $1.47 eligible ewe.

(See April 17 issue for comprehensive article on the farm price review.)

Big Gain in 1966 Wheat Crop Confirmed

The record world wheat crop of 1966 has been revised upward to 275 million metric tons (10.1 bil. bu.), an increase of 8 percent over the previous record of 1964 and 11 percent above 1965. The increase was due to bumper yields in several important wheat countries.

Estimated world acreage declined about 3 million acres from the record level of the preceding year. Substantial acreage increases in the Western Hemisphere and Oceania failed to offset sharp declines in Asia, Western Europe, and Africa, where adverse weather prevented growers from planting the desired wheat acreage.

By far the major production increase occurred in the USSR, where beneficial conditions and improved farming practices greatly increased yields per acre over the poor yields of 1965. Production in Eastern Europe was slightly larger than the previous record crop of 1965. But Mainland China's output was lower as a result of insufficient rainfall during planting of winter wheat.

Wheat production in other Communist countries increased only slightly over the unusually large crops of the 2 preceding years. Their estimated production in 1966—57 percent of the world crop—totaled 157.1 million tons, against the previous record of 156.3 million in both 1964 and 1965. However, their 1966 harvest was 10 percent above the 1960-64 average of 142.5 million tons.

Sharp increases in wheat production of North America and Oceania, as well as a modest gain is South America, were offset by severe declines in Western Europe and Africa. Also, output in Asia was below the 1965 record.

Production in Western Europe declined 12 percent from the 1965 record harvest and was only 2 percent above the average. Adverse weather during planting reduced acreage by 3 million acres, and per-acre yields were substantially below the 1965 record yields. Principal declines were in France, the United Kingdom, Sweden, Portugal, Belgium, Finland, and Denmark. However, Italy, Spain, and Austria had good crops.

Total production of the five leading wheat exporters—Argentina, Australia, Canada, France, and the United States—increased 9 percent. Their combined crops add to nearly 89 million tons compared with 81.5 million in 1965 and the average of 75 million tons in the 5 years ended in 1964. Record crops in Canada and Australia were 30 and 73 percent, respectively, larger than in 1965. U.S. production turned out to be the second largest since 1960, and Argentina's crop exceeded the poor 1965 harvest. Only in France was there a significant drop in production.

A detailed table and analysis appeared in the March issue of *World Agricultural Production and Trade: Statistical Report.*

WORLD WHEAT PRODUCTION

Continent	Average 1960-64	1965[1]	1966[1]	1966 as Percent of 1960-64
	Million metric tons	*Million metric tons*	*Million metric tons*	*Percent*
North America	49.5	55.5	60.2	122
South America	9.5	8.5	8.9	94
Western Europe	39.1	45.3	39.9	102
Eastern Europe	17.2	22.0	22.5	131
USSR	50.0	46.5	75.0	150
Africa	5.7	6.1	4.8	84
Asia	51.1	55.7	51.1	100
Oceania	8.5	7.4	12.5	147
Total	230.6	247.0	274.9	119

[1]Preliminary.

Australia To Transship Wheat Through Europe

The Australian Wheat Board has completed arrangements to transship wheat through northern continental ports—probably Rotterdam or Amsterdam—to the United Kingdom and other European destinations.

This change from direct shipping in smaller vessels will enable the Australians to price more competitively in the European market. Australia had been shipping wheat to the United Kingdom in 10,000- to 12,000-ton vessels at a cost of about 33 cents per bushel. The first ship under the new plan, a 35,000-ton vessel, has already left Australia, and will reportedly deliver wheat to the United Kingdom at a freight cost of 29 cents per bushel.

Venezuela Requiring Labeling of Food

Venezuela's Ministry of Health and Social Welfare has issued a decree requiring that food products manufactured in Venezuela be dated. The new law will come into force

July 22, 1967, and should be met as far as possible by U.S. exporters of food products to Venezuela.

According to the regulation (Welfare Decree 12,301 of Jan. 20, 1967), food containers must bear a batch number with date of packaging in letters or code. Food products that deteriorate with the passage of time, must bear the phrase: "good until ....." (válido hasta). If a product suffers alteration after the container is opened, the legend must say "for immediate consumption after opening" (para consumo inmediato una vez abierto)

Record Austrialian Canned Fruit Pack

The 1967 Australian canned deciduous fruit pack is forecast at 10,154,000 cases—up 323,000 from the previous year and the third consecutive record production. Apricots showed the biggest gains, followed by mixed fruits and peaches; however, pears declined.

Exports in 1967 are forecast to reflect the larger pack and total a record of 7,150,000 cases, or an increase of 698,000 cases from the 1966 level. Peaches are expected to account for 45 percent of the 1967 shipments.

According to present estimates, the 1967 canned *peach* pack would be the largest on record, totaling 4.6 million cases. This would surpass the previous year's alltime high by 35,000 cases. Reportedly, an even larger pack was anticipated prior to a cyclone in New South Wales and Victoria. Exports are forecast at 3.2 million cases, or 417,000 above the record 1966 level. The United Kingdom, traditionally Australia's largest market, may take 1.7 million cases, or 53 percent of the total. Other important markets include West Germany and Canada.

The 1967 *pear* pack is estimated at 3.1 million cases, 284,000 below 1966. However, the current pack is above the 1960-64 average of 2,780,000 cases. Exports may be 117,000 cases below the previous year to 2.5 million. The United Kingdom has been taking approximately 80 percent of Australia's pear exports and is expected to take a similar proportion in 1967.

The *mixed fruit* pack may reach 1.4 million cases—the sixth consecutive record and 181,000 cases above 1966. The largest component of this pack is mixed two-fruits, followed by fruit cocktail and fruit salad. Exports in 1967 are also expected to reach another record level of 1 million cases, compared with 738,000 a year earlier.

The forecast of the 1967 *apricot* pack is substantially above the previous year's, increasing by 391,000 cases to a peak of 1,054,000. Exports in 1967 are expected to reflect the bigger pack and also reach a new alltime high of 450,000 cases. As usual, the United Kingdom will probably account for the majority of the shipments.

AUSTRALIA'S SUPPLY AND DISTRIBUTION OF CANNED PEACHES

Item	Average 1960-64	1966	Forecast 1967
	1,000 24/2½ cases	*1,000 24/2½ cases*	*1,000 24/2½ cases*
Beginning stocks (Jan. 1)	245	814	1,296
Production	2,730	4,565	4,600
Total supply	2,975	5,379	5,896
Exports	1,429	2,783	3,200
Domestic disappearance	1,259	1,300	1,350
Ending stocks (Dec. 31)	287	1,296	1,346
Total distribution	2,975	5,379	5,896

AUSTRALIA'S SUPPLY AND DISTRIBUTION OF CANNED PEARS

Item	Average 1960-64	1966	Forecast 1967
	1,000 24/2½ cases	*1,000 24/2½ cases*	*1,000 24/2½ cases*
Beginning stocks (Jan. 1)	158	366	433
Production	2,780	3,384	3,100
Total supply	2,938	3,750	3,533
Exports	2,097	2,617	2,500
Domestic disappearance	581	700	700
Ending stocks (Dec. 31)	260	433	333
Total distribution	2,938	3,750	3,533

AUSTRALIA'S SUPPLY AND DISTRIBUTION OF CANNED MIXED FRUIT

Item	Average 1960-64	1966	Forecast 1967
	1,000 24/2½ cases	*1,000 24/2½ cases*	*1,000 24/2½ cases*
Beginning stocks (Jan. 1)	68	188	369
Production	378	1,219	1,400
Total supply	446	1,407	1,769
Exports	186	738	1,000
Domestic disappearance	181	300	350
Ending stocks (Dec. 31)	79	369	419
Total distribution	446	1,407	1,769

Norway's Tobacco Imports Gain Sharply

Norway's tobacco imports rose sharply in 1966 to 13.2 million pounds from 9.4 million in 1965. Purchases of U.S. leaf were nearly 10 million pounds, or 76 percent of the total, compared with about 6 million in 1965.

Imports from Rhodesia, at 355,000 pounds, were less than half those of 1965. On the other hand, South Korea supplied 864,000 pounds to the Norwegian market in 1966, against only 154,000 in 1965.

Average prices per pound for tobacco from major sources in 1966, in U.S. cents, were the United States 76, South Korea 42, Malawi 34, Turkey 67, and Rhodesia 46.

NORWAY'S IMPORTS OF UNMANUFACTURED TOBACCO

Origin	1965	1966
	1,000 pounds	*1,000 pounds*
United States	5,952	9,963
South Korea	154	864
Malawi	1,029	525
Turkey	161	408
Rhodesia	875	355
Thailand	104	276
Taiwan	(1)	251
Canada	395	214
Others	692	294
Total	9,362	13,150

[1]If any, included with others.

Denmark's Cigarette Output Increases

Denmark's tobacco factories produced about 7 billion cigarettes in 1966—up 11 percent from the 6.3 billion for 1965. The increase partially resulted from a rise in cigarette exports (mainly to Sweden and Norway) and partially from a gain in cigarette smoking in Denmark.

Output of all other tobacco products dropped last year. Production of cigars and cheroots, at 303 million pieces,

was 10 percent below 1965. Cigarillos totaled 887 million, compared with 921 million in 1965. Smoking and cut tobaccos dropped to 5.9 million pounds from 6.1 million.

Sales of cigarettes to consumers rose from 5.4 billion pieces in 1965 to 5.6 billion in 1966. At that level, they were back to the record high of 1963. The current average retail price per pack of 20 for the three major types of cigarettes sold in Denmark is as follows (in U.S. equivalents): Regular-size, 91 cents; King-size without filter, 94 cents; and King-size with filter, 97 cents.

Suez Canal Northbound Shipments

Northbound shipments of vegetable oil-bearing materials through the Suez Canal during October-January 1966-67 were 3 percent larger than in the same period a year earlier. Shipments of copra, palm kernels, and castorbeans increased, while movements of soybeans, peanuts, and cottonseed declined. Soybean movements were 619,000 bushels, against 1,168,000 in October-January 1965-66.

Shipments of vegetable oils during October-January 1966-67 were 191,711 metric tons, against 167,662 in the same 4 months a year earlier. The increase chiefly reflected larger movements of palm and coconut oils.

Movements of vegetable cakes and meals in the first 4 months of 1966-67 amounted to 448,068 tons, compared with 510,214 in the comparable period of 1965-66. The decline principally reflected reduced movements of peanut and copra cake and meals.

NORTHBOUND SHIPMENTS OF OIL-BEARING MATERIALS THROUGH THE SUEZ CANAL

Item	January		October-January	
	1966	1967	1965-66	1966-67
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Soybeans[1]	28,796	9,917	31,796	16,886
Copra	80,428	68,430	319,883	350,696
Peanuts	18,515	12,561	47,949	36,854
Cottonseed	18,106	7,470	36,910	20,053
Flaxseed[2]	.....	60	.....	1,170
Castorbeans	2,770	5,224	13,279	26,232
Palm kernels	1,507	6,902	8,714	15,238
Sesame	4,360	14,202	19,678	23,087
Others	3,939	5,079	19,934	23,014
Total	158,421	129,845	498,143	513,230

[1]Metric ton of soybean=36.7 bu. [2]Metric ton of flaxseed =39.4 bu.

Suez Canal Authority, Cairo, Egypt.

NORTHBOUND SHIPMENTS OF SOYBEANS THROUGH THE SUEZ CANAL

Month and quarter	Year beginning October 1				
	1962	1963	1964	1965	1966
	1,000 bu.	*1,000 bu.*	*1,000 bu.*	*1,000 bu.*	*1,000 bu.*
January	622	661	212	1,058	364
February	451	590	923	315	.....
March	255	233	1,692	590	.....
Oct.-Dec.	13	19	1,604	110	255
Jan.-Mar.	1,328	1,484	2,826	1,963	.....
Apr.-June	573	706	1,376	1,588	.....
July-Sept.	1,584	4,106	1,562	.....	.....
Oct.-Sept.	3,498	6,315	7,368	4,687	.....

Totals computed from unrounded figures.

Suez Canal Authority, Cairo, Egypt.

U.S. Cotton Exports Increase

Exports of U.S. cotton in the first 7 months (August-February) of 1966-67 were 3,036,152 running bales, compared with 1,996,844 in the same period a year earlier. February exports were 458,000 bales, the same as in the previous month.

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

Destination	Year beginning August 1				
	Average			Aug.-Feb.	
	1955-59	1964	1965	1965	1966
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	33	11	3	1	3
Belgium-Lux	160	80	43	35	40
Denmark	17	6	7	4	5
Finland	22	11	8	5	11
France	360	184	108	77	113
Germany, West	475	217	92	67	117
Italy	416	260	102	62	148
Netherlands	124	65	38	22	20
Norway	10	13	10	8	8
Poland & Danzig	85	66	42	34	54
Portugal	28	22	6	4	(1)
Spain	171	28	10	7	1
Sweden	75	58	59	48	49
Switzerland	64	66	35	29	56
United Kingdom	525	153	131	96	99
Yugoslavia	108	109	169	117	135
Other Europe	17	11	12	6	9
Total Europe	2,690	1,360	875	622	868
Australia	54	60	33	23	12
Canada	217	390	269	178	159
Chile	35	1	3	3	1
Colombia	33	1	57	56	1
Congo (Kinshasa)	0	29	25	20	8
Cuba	27	0	0	0	0
Ethiopia	4	4	20	12	6
Hong Kong	134	150	94	59	120
India	184	243	63	26	184
Indonesia	30	47	(1)	0	89
Israel	16	23	5	5	1
Japan	1,154	990	705	481	861
Korea, Rep. of	205	261	301	187	225
Morocco	10	12	12	8	10
Pakistan	14	9	6	6	3
Philippines	64	75	93	44	89
South Africa	26	43	27	20	24
Taiwan	153	203	178	125	246
Thailand	4	55	55	38	42
Tunisia	0	6	13	10	10
Uruguay	15	0	(1)	0	0
Venezuela	2	6	5	5	1
Vietnam, South[2]	2	63	73	46	38
Other countries	27	29	30	23	38
Total	5,100	4,060	2,942	1,997	3,036

[1]Less than 500 bales. [2]Indochina prior to 1958; includes Laos and Cambodia.

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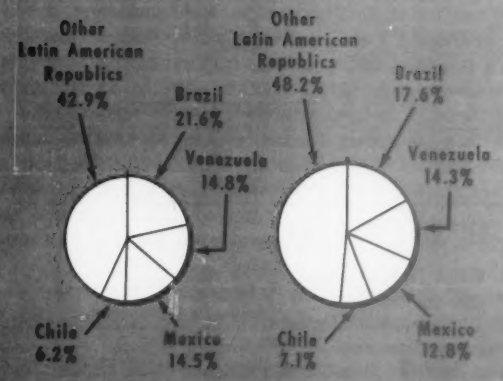
Our Agricultural Trade With Latin America

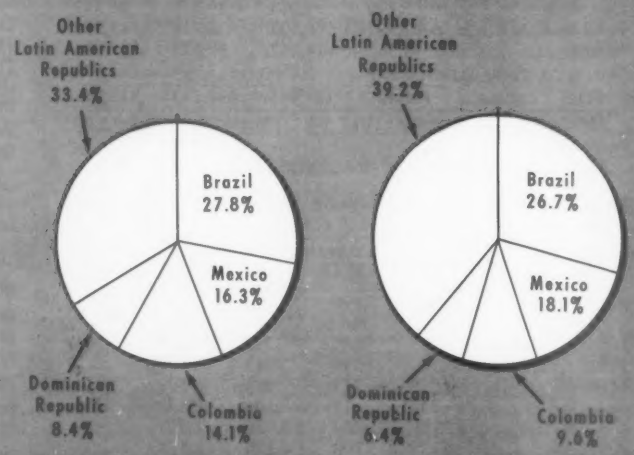
OUR EXPORTS TO THE AREA



1962 $437.7 million

1966 $575.1 million

OUR IMPORTS FROM THE AREA



1962 $1,660.8 million

1966 $1,811.3 million

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